

AGREEMENT

The AGREEMENT is made and entered into to be effective the ____ day of _____, 2009, by and among BryanLGH Health System, formerly known as Bryan Health Care, Inc. a Nebraska nonprofit corporation ("System"), BryanLGH Medical Center, formerly known as Bryan Memorial Hospital, a Nebraska nonprofit corporation ("Hospital") and the City of Lincoln, Nebraska, a municipal corporation existing pursuant to its home rule charter and a political subdivision of the state of Nebraska ("City").

RECITALS

WHEREAS, System, Hospital, City and the Board of Trustees of Lincoln General Hospital entered into a Master Affiliation Agreement dated as of October 1, 1997 which included other matters and agreements related to it ("Affiliation Agreement") pursuant to which the System and Hospital are to develop an integrated medical care delivery system with the capability of providing high quality, cost effective health care services that can successfully operate in a managed care setting; and foster an integrated regional delivery system to enhance excellence in quality patient care, the ability to maintain a qualified medical staff, and the ability to compete in an increasingly competitive health care environment; and

WHEREAS, pursuant to the Affiliation Agreement there are certain matters between the parties that need to be completed and the parties are willing to enter into this Agreement to resolve these matters.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and covenants hereinafter set forth and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. There was established by virtue of a judgment of sentence in the United States District Court for the District of Nebraska in a matter entitled United States of American VWA Biba Engineering Company dated May 11, 1982, a copy of such judgment of sentence being attached hereto, marked Exhibit A and made a part hereof, a \$100,000 fund which was to be paid to the Independence Center of Lincoln General Hospital, Lincoln Nebraska for use in establishing or maintaining a satellite program for providing alcohol and drug related services at

Geneva, Nebraska, which amount was to be payable pursuant to the judgment of sentence in three installments, the last of which was to be paid on or before March 15, 1983 ("Court Order"). These funds were held by the City since Lincoln General Hospital was a City hospital and were not transferred to BryanLGH as part of the Master Affiliation Agreement. Over the course of years, there have been requests for these funds and more recently these requests were satisfied by BryanLGH Medical Center. The funds which were advanced were subsequently reimbursed to the Hospital by the City of Lincoln by a check dated August 1, 2002. Currently, the City holds approximately One Hundred Thirty Eight Thousand Four Hundred and Fifty Five Dollars (\$138,455) ("Biba Funds") and it is the intent of the City to transfer these funds to the Hospital within fifteen (15) days after the date of approval and execution of this Agreement by all parties. In exchange for the Biba Funds, the Hospital agrees to carry out the duties imposed by the Court Order for the Biba Funds and releases and discharges the City from any liability and responsibility related to the Hospital's failure to comply with the duties imposed by the Court Order for the Biba Funds. To the fullest extent permitted by law, the Hospital and System shall indemnify, defend and hold harmless the City, its officers, agents and employees from and against claims, damages, losses and expenses, including but not limited to attorney's fees arising out of or resulting from Hospital's performance of the duties imposed by the Court Order and its use of the Biba Funds.

2. There was created pursuant to the Last Will and Testament of Aaron H. Buckstaff ("Will"), a copy of which is attached hereto, marked Exhibit B and made a part hereof, a Trust in which the net income therefrom was to be paid to the Lincoln General Hospital of Lincoln, Nebraska, to be used for the care and treatment of charitable patients. The principal of the Trust is held and invested for the City by Wells Fargo Bank, N.A., the successor trustee and income is being paid to the Hospital. Future distributions of income from the Trust shall also be paid directly to the Hospital and all shall be used by the Hospital as required by the Will. Currently, City holds approximately One Hundred Eleven Thousand Nine Hundred Ninety-nine Dollars Four Cents (\$111,999.04) ("Buckstaff Funds") from prior distributions of income and income earned on such distributions. Within fifteen (15) days after the date of approval and execution of this Agreement by all parties, City agrees to pay to the Hospital the total amount of the Buckstaff

Funds set forth above. In exchange for the Buckstaff Funds, the Hospital agrees to carry out the duties imposed by the Will for the Buckstaff Funds and the Trust Account and releases and discharges the City from any liability and responsibility related to the Hospital's failure to comply with the duties imposed by the Will for the Buckstaff Funds and the Trust Account. To the fullest extent permitted by law, the Hospital and System shall indemnify, defend and hold harmless the City, its officers, agents and employees from and against claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of or resulting from Hospital's performance of the duties imposed by the Will and its use of the Buckstaff Funds and the Trust distributions.

3. Pursuant to the terms and conditions of the Affiliation Agreement, City is entitled to receive from Hospital the Medicare Recapture Credit received by Hospital arising out of and related to the Affiliation Agreement and the closing thereof. Such amount as been determined to be One Hundred Fifty Three Thousand Eight Hundred Seventy Two Dollars (\$153,872), with said amount determined in accordance with the documents attached hereto as Exhibit C and made a part hereof. Within fifteen (15) days after the date of approval and execution of this Agreement by all parties, Hospital agrees to pay to the City the sum of One Hundred Fifty Three Thousand Eight Hundred Seventy Two Dollars (\$153,872). It is the intent of the City to transfer these funds to the Community Health Endowment which shall invest, manage and administer the funds on behalf of the City. System and Hospital by payment of such funds is released and discharged from all further liability to City for such Medicare Recapture Credit.

4. Pursuant to the terms and conditions of the Affiliation Agreement, there was established an Escrow Agreement as of October 31, 1997, a copy of which is attached hereto, marked Exhibit D and made a part hereof. The Escrow Agreement was to be held and distributed by the escrow agent in accordance with the terms and conditions of said Escrow Agreement and the Affiliation Agreement. Since the time of its establishment, certain distributions and reductions have been made to the point where currently the current balance is approximately Four Hundred Eighty Eight Thousand Four Hundred Twenty Four Dollars (\$488,424). It is the intent of the City to transfer the full balance of these funds to the Community Health Endowment which shall invest, manage and administer the funds on behalf

of the City. The parties are willing to enter into an agreement for final distribution of Escrowed Funds, a copy of which is attached hereto, marked Exhibit E and made a part hereof. The parties agree to execute and deliver to the Escrow Agent designated in the Escrow Agreement a signed copy of said agreement following the approval and execution of this Agreement.

5. Pursuant to the terms and conditions of the Affiliation Agreement, the City created a fund for employee Workers' Compensation claims. Since the time of its establishment, certain distributions and reductions have been made to the point where currently the current balance is approximately Three Hundred Seventy Four Thousand Six Hundred Fifteen Dollars (\$374,615). It is the intent of the City to transfer the full balance of these funds to the Community Health Endowment which shall invest, manage and administer the funds on behalf of the City.

6. NEBRASKA LAW. This Agreement shall be governed and interpreted by the Laws of the State of Nebraska without reference to the principles of conflicts of law.

7. INTEGRATION, AMENDMENTS, ASSIGNMENT. This Agreement represents the entire agreement between the parties and all prior negotiations and representations are hereby expressly excluded from this Agreement. This Agreement may be amended only by written agreement of both parties. This Agreement may not be assigned without the prior written consent of the other party.

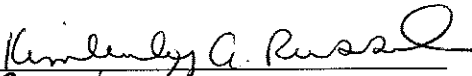
8. SEVERABILITY & SAVINGS CLAUSE. Each section and each subdivision of a section of this Agreement is hereby declared to be independent of every other section or subdivision of a section so far as inducement for the acceptance of this Agreement and invalidity of any section or subdivision of a section of this Agreement shall not invalidate any other section or subdivision of a section thereof.

Nothing contained herein shall release or discharge any party from any liability, responsibility or obligation of the Affiliation Agreement unless specifically set forth herein.


9. CAPACITY. The undersigned person representing the parties hereby agree and represent that he or she has legal authority to sign this Agreement and to lawfully bind the parties to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth hereafter.

BryanLGH HEALTH SYSTEM

By: 
Its: PRESIDENT/CEO
Date of Execution: 3/12/2009

BryanLGH MEDICAL CENTER

By: 
Its: PRESIDENT/COO
Date of Execution: 3/12/2009

CITY OF LINCOLN, NEBRASKA

By: _____
Its: _____
Date of Execution: _____

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEBRASKA

UNITED STATES OF AMERICA,
Plaintiff,

vs.

W. A. BIBA ENGINEERING
COMPANY,

Defendant.

JUDGMENT OF SENTENCE

CR82-L-7

IT IS ORDERED that the defendant is placed on probation for a period of five years upon the usual conditions obtaining in this jurisdiction and upon the following special conditions:

1. That it pay \$100,000 to the Independence Center of Lincoln General Hospital, Lincoln, Nebraska, for use in establishing or maintaining a satellite program for providing alcohol and drug related services at Geneva, Nebraska, payable as follows: \$25,000 within thirty days of sentencing and \$25,000 each ninety days thereafter; if the amount payable by this paragraph is not made in accordance herewith, any unpaid balance shall be paid to the United States as a fine on or before March 15, 1983;

2. That neither the defendant nor James A. Biba shall have any right of control over the expenditure of any amounts required by this order to be made, nor any right to determine any policy of the Independence Center of Lincoln General Hospital or any satellite at Geneva, Nebraska;

3. That it pay a fine of \$50,000 within one hundred twenty days of sentencing;

4. That the expenditure of money required by this order is not to be taken as a charitable deduction on any income tax return;

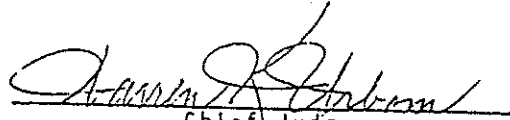
5. That it establish a written policy, providing for written notification to the probation officer whenever

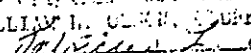
principles or employees of the defendant are asked or think they are being subjected to pressure to provide improper bidding information to a competitor or to submit a complementary bid; and

6. That it pay within thirty days of sentencing \$35.00 in taxable court costs.

Dated May 11, 1982.

BY THE COURT


Chief Judge

I certify this to be a true copy of the original record and proceedings.
WILLIAM L. OLSON, CLERK
By 
Deputy Clerk

FILED	
DISTRICT OF NEBRASKA	
AT _____	M _____
MAY 12 1982	
William L. Olson, Clerk	
By _____	Deputy

JUN 20 1911

"LAST WILL AND TESTAMENT"

LINCOLN GENERAL HOSPITAL

of

AARON H. BUCKSTAFF

I, Aaron H. Buckstaff, of Lincoln, Lancaster County, Nebraska, do hereby make, publish, and declare this my last will and testament in words and figures as follows:

I

I give, bequeath, and devise all my personal effects of every kind and character, together with jewelry, keepsakes, and other similar articles, all my household goods and any automobile or automobiles owned by me to my wife, Estella K. Buckstaff.

II

I give, devise, and bequeath Five Hundred (\$500) Dollars to Lancaster Lodge #54, A. F. and A. M. of Lincoln, Nebraska.

I give, devise, and bequeath One Hundred (\$100) Dollars to Lincoln Lodge #80 B.P.O.E. for its Christmas Tree Fund. Said Lodge is to use this fund at the rate of Ten (\$10) Dollars per year for ten years, to assist with the expenses of the annual Christmas Tree celebration.

I give, devise, and bequeath the sum of One Hundred (\$100) Dollars to second Baptist Church, or its successor, in Oshkosh, Wisconsin, in memory of my mother, Mrs. Sarah Buckstaff.

III

All the rest, residue, and remainder of my estate, real, personal and mixed of whatever character and wherever situated, which I may own or of which I may have the right to dispose at the time of my death, I give, bequeath, and devise to The First Trust Company of Lincoln, Nebraska, hereinafter called the trustee in trust nevertheless for the following uses and purposes:

- A: My wife, Estella K. Buckstaff, shall receive from income and, if necessary, principal the sum of Four Hundred (\$400) Dollars per month during her lifetime; provided, if the net income from the trust is in any year less than Four Thousand Eight Hundred (\$4,800) Dollars, the principal shall not be encroached upon to bring the total payments for said year up to that amount unless so requested by my said wife. In any year when the net income exceeds Four Thousand Eight Hundred (\$4,800) Dollars the balance shall be accumulated as part of the principal.

1. In addition, the trustee may further encroach upon principal to provide for the support, care, and comfortable maintenance of my wife whenever in the judgment of the trustee the income payments above provided for her are insufficient for that purpose.

B: Upon the death of my said wife the trustee shall distribute the trust estate as follows:

1. One third (1/3) shall be retained in trust by the trustee and the net income therefrom shall be paid to the Lincoln General Hospital of Lincoln, Nebraska, to be used for the care and treatment of charitable patients only.
2. The remaining two-thirds (2/3) of the trust estate shall be divided among the following of my great nieces and great nephews who are then living,

John Brenner
David Brenner
Theodore Brenner
Barbara Brenner

all of Fond du Lac, Wisconsin, including by right of representation the issue of any such grandniece or grandnephew then deceased.

D. E.
F R E
D. F.

Aaron H Buckstaff

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C: The trustee is authorized to hold and retain as an investment for the trust estate, without liability on its part for loss or depreciation, any and all securities or other property owned by me during my lifetime. Inasmuch as the capital stocks which I own in the Buckstaff Bath House Company, Buckstaff-Baird Company, and Kansas City Casket and Furniture Company have proven a source of substantial and steady income over an extended period, it is my wish that such stocks be retained during the term of this trust unless my wife and the trustee are fully convinced that sale or other disposition is clearly for the best interests of the trust. However, I do not absolutely require the retention of such stocks because I realize that the value of such holdings is to a considerable extent dependent on the management of the company and other personal factors which may change from time to time. Subject to the foregoing, the trustee is authorized to dispose of all or any of the assets of the trust estate from time to time and in that event to invest, reinvest, and keep invested the proceeds in bonds or certificates of indebtedness of the United States or bonds the principal and interest of which is guaranteed by the United States.

In any event, during the term of this trust no securities or property shall be disposed of and no reinvestment made except upon the written approval of my wife.

D: In any case in which the Trustee is required to divide the principal of the trust estate in parts or shares, or to distribute the same, it is authorized and empowered in its sole discretion to make division or distribution in kind, or partly in kind and partly in money. The judgment of the trustee concerning the values for the purpose of such division or distribution of the property or securities shall be binding and conclusive on all parties interested therein.

E: The trustee shall render annual statements of the trust assets and all receipts of disbursements of income and principal to the beneficiaries hereof.

IV

In event The First Trust Company of Lincoln, Nebraska, shall at any time become a part of any corporation or shall be merged with another corporation or corporations into a new corporation, or in event it shall transfer its trust business to the First National Bank of Lincoln, Nebraska, or to another bank which succeeds to the business of said The First National Bank, then such corporation of which it becomes a part, or such new corporation created by merger, or said transferee or successor bank, as the case may be, shall without further act on the part of any court or person be substituted in the place and stead of said trustee herein named and shall have all the rights, powers, duties, and liabilities of said trustee herein named; provided the corporation of which The First Trust Company of Lincoln, Nebraska, becomes a part, or such new corporation created by its merger with another corporation or said transferee or successor bank, is of equal financial responsibility as The First Trust Company of Lincoln, Nebraska, is at present.

V

Neither the principal nor the income of the trust estate shall be liable for the debts of any beneficiary hereof nor shall the same be subject to seizure by any creditor of any beneficiary under any writ or proceeding at law or in equity, and no beneficiary hereunder shall have any power to sell, assign, transfer, encumber or in any other manner to anticipate or dispose of his or her interest in the trust estate or the income produced thereby.

VI

I hereby nominate and appoint The First Trust Company of Lincoln, Nebraska, and my wife, Estella K. Buckstaff, executor and executrix, jointly, of this MY LAST WILL AND TESTAMENT. No bond shall be required of either of them, or of the Trustee hereunder, in event the trust becomes operative. The executors shall have full power in their discretion to do any and all things necessary for the complete administration of my estate, including the power to sell at public or private sale, and without Order

of Court, any real or personal property belonging to my estate and to compound, compromise, settle or adjust any and all claims, charges, debts, or demands against or in favor of my estate, as fully as I could do if living.

D. E.
F R E
D. F.

Aaron H Buckstaff

-3-

If my said wife dies during the administration of my estate, said Trust Company shall continue as sole executor, with all the rights, powers, duties, and obligations herein imposed upon the joint executors.

IN WITNESS WHEREOF, I have hereunto set my hand at Lincoln, Nebraska, this 20 day of November, 1937.

Aaron H Buckstaff
Aaron H. Buckstaff

This instrument, consisting of four (4) typewritten pages, was by AARON H. BUCKSTAFF on the date hereof signed, published, and declared by him to be his LAST WILL AND TESTAMENT, in our presence and in the presence of each of us, and we, and each of us, at his request, and in his presence, and in the presence of each other, we and each of us believing said AARON H. BUCKSTAFF to be of sound and disposing mind and memory, and capable of recognizing the natural objects of his bounty and affection, have hereunto subscribed our names as witnesses to said LAST WILL AND TESTAMENT OF Aaron H. Buckstaff.

Dorothy F. Flitton	residing at Lincoln Nebraska
Dorothy Easley	residing at Lincoln, Nebraska
Fred R. Easterday	Lincoln, Nebraska

C O D I C I L

I, Aaron H. Buckstaff, of Lincoln, Nebraska, hereby make, publish, and declare this as a codicil to my Will dated November 20, 1937.

I

I cancel and strike out the last sentence of the first paragraph of C in Article III and insert in lieu thereof a new sentence as follows:

"Subject to the foregoing the Trustee is authorized to dispose of all or any of the assets of the trust estate and in that event to invest, reinvest, and keep invested the proceeds in such securities as the trustee may in its discretion deem proper, having primary regard always to safety of principal, but not being limited to legal investments for Nebraska trustees."

In all other respects said Will of November 20, 1937 is ratified and confirmed.

IN WITNESS WHEREOF I have hereunto set my hand at Lincoln, Nebraska, this 23 day of ~~June~~January, 1940.

Aaron H. Buckstaff
Aaron H. Buckstaff

This instrument consisting of 1 typewritten page was by Aaron H. Buckstaff on the date hereof signed, published, and declared by him to be a codicil to his last will and testament. The undersigned witnessed same at his request and in his presence and in the presence of each other.

Dorothy F. Flitton residing at Lincoln, Nebraska
Frederick Warner residing at Lincoln Nebr

Estate of Aaron H. Buckstaff
Deceased.

STATE OF NEBRASKA,)
) ss.
 Hastings County.)

This is to certify that, on this 19 day of January, 1942, the above and foregoing instrument was found to be the last will and testament and codicils of said deceased and was duly proved according

to law, as the last will and testament and codicils of the real and personal estate of said deceased, and the same was admitted to probate and ordered recorded as such.

In testimony whereof, I have hereunto set my hand and official seal the day and year last above written.

(SEAL)

Robin R. Reid, County Judge."

ENDORSED: "R 12570 Estate of Aaron H. Buckstaff, Deceased.
Will and Codicils (2)
Filed for Probate Dec. 30, 1941
Robin R. Reid, County Judge."

LATION OF REIMBURSEMENT SETTLEMENT
SUBMITTED IN LIEU OF HCFA-2552-96
WORKSHEET E, PART A (CONT'D)

TITLE XVIII, HOSPITAL

PART A - INPATIENT HOSPITAL SERVICES UNDER PPS

	1
19. Deductibles Billed to Program Beneficiaries	1426441
20. Coinsurance Billed to Program Beneficiaries	38198
21. Reimbursable Bad Debts (see instructions)	17067
21.01 Reimbursable bad debts adjustment (see instructions)	17067
22. SUBTOTAL (Line 18 plus line 21.01 minus lines 19 and 20)	16186326
23. Recovery of Excess Depreciation Resulting from Provider Termination or a Decrease in Program Utilization	0
Other Adjustments (See instructions) Specify	
24.	0
24.01	0
24.02	0
24.03	0
24.04	0
24.05	0
24.06	0
24.07	0
7	0
2	0
24.10	0
25. Amounts Applicable to Prior Cost Reporting Periods Resulting from Disposition of Depreciable Assets	146196
26. Amount Due Provider (line 22 plus or minus lines 24 and 25 minus line 23)	16332522
27. Sequestration Adjustment (See instructions)	0
28. Interim Payments	15444495
28.01 Tentative settlement (for fiscal intermediary use only)	0
29. Balance Due Provider (Program) (Line 26 minus the sum of lines 27 and 28)	888027
30. Protested amounts (nonallowable cost report items) in accordance with HCFA Pub. 15-II, sec. 115.2	0

\$146,196

LATION OF REIMBURSEMENT SETTLEMENT
ATTACHED IN LIEU OF HCFA-2552-96
WORKSHEET E, PART B (CONT'D)

TITLE XVIII, HOSPITAL

PART B - MEDICAL AND OTHER HEALTH SERVICES

REIMBURSABLE BAD DEBTS (EXCLUDE BAD DEBTS FOR PROFESSIONAL SERVICES)	
26. Composite rate ESRD (From Supp. Wkst. I-5 line 9)	0
27. Bad debts (see instructions)	17234
27.01 Net bad debts (hospital only) (see instructions)	17234
28. SUBTOTAL (Sum of lines 25, 26, and 27 or 27.01) (line 27.01 hospital and subprovider only)	2364968
29. Recovery of excess depreciation resulting from provider termination or a decrease in Program utilization	0
Other adjustments (see instructions) (Specify)	
30.	0
30.01	0
30.02	0
30.03	0
30.04	0
30.05	0
30.06	0
30.07	0
30.08	0
?	0
?	0
31. Amounts applicable to prior cost reporting periods resulting from disposition of depreciable assets	7108
32. SUBTOTAL (Line 28 plus or minus lines 30 and 31 minus line 29)	2372076
33. Sequestration Adjustment (See instructions)	0
34. Interim payments	2600406
34.01 Tentative settlement (for fiscal intermediary use only)	0
35. Balance due Provider/Program (line 32 minus the sum of lines 33 and 34)	-228330
36. Protested amounts (nonallowable cost report items) in accordance with HCFA pub. 15-II, sec. 115.2	0

P 7,108

ULATION OF REIMBURSEMENT SETTLEMENT
MITTED IN LIEU OF HCFA-2552-96
WORKSHEET E-3, PART I

SUBROVIDER-I

PART I - MEDICARE PART A SERVICES - TEFRA

1. Inpatient hospital services	1203086
2. Organ acquisition	0
3. Cost of teaching physicians (from Worksheet D-9, Part II, column 3, line 16) (see instructions)	0
4. SUBTOTAL (Sum of lines 1, 2, and 3)	1203086
5. Primary payor payments	16672
6. SUBTOTAL (Line 4 less line 5)	1186414
7. Deductibles	6816
8. SUBTOTAL (Line 6 minus line 7)	1179598
9. Coinsurance	380
10. SUBTOTAL (Line 8 minus line 9)	1179218
11. Reimbursable bad debts (exclude bad debts for professional services) (see instructions)	0
11.01 Reimbursable bad debts adjustment (see instructions)	0
12. SUBTOTAL (Sum of lines 10 and 11.01)	1179218
13. Direct Graduate Medical Education Payments (From Worksheet E-3, Part IV, line 24)	0
14. Recovery of excess depreciation resulting from provider termination or a decrease in Program utilization	0
or adjustments (see instructions) (specify)	
15.	0
15.01	0
15.02	0
15.03	0
15.04	0
15.05	0
15.06	0
15.07	0
15.08	0
15.09	0
15.10	0
16. Amounts applicable to prior cost reporting periods resulting from disposition of depreciable assets	568
17. Total amount payable to the Provider	1179786
18. Sequestration adjustment	0
19. Interim payments	1218282
19.01 Tentative settlement (for fiscal intermediary use only)	0
20. Balance due Provider/Program (Line 17 minus the sum of lines 18 and 19)	-38496
21. Protested amounts (nonallowable cost report items) in accordance with HCFA pub. 15-II, section 115.2	0

SNF
568



Health Care Financing Administration

September 28, 2000

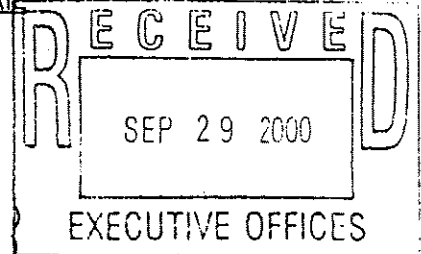
MR ARLAN STROMBERG, ADMIN
LINCOLN GENERAL HOSPITAL
2300 SOUTH 16TH STREET
LINCOLN, NE 68502-3780

MEDICARE

PART A INTERMEDIARY

(402) 390-1850 • Fax (402) 398-3640

CERTIFIED MAIL



Settlement After Audit (X)
Settlement Without Audit ()
Period Ended: October 31, 1997
Provider #: 28-0005, 28-T005,
28-5205

Dear MR STROMBERG:

In accordance with Regulation Section 405.1803, this is your notice of amount of Medicare program reimbursement for the fiscal year ended October 31, 1997. As a result of our examination of this cost report, we have determined the final amount due the Health Insurance Program is **\$ 96,469**. Our determination of Total Program Reimbursement is as follows:

	<u>Per Provider Initial Report</u>	<u>Report After Adjustments</u>	<u>Effect of Adjustments</u>
TOTAL ALLOWABLE COST	\$26,576,162	\$23,747,811	\$(2,828,351)
Total Reimbursable Cost	24,492,611	21,688,329	(2,804,282)
Less Amount Received and Receivable	(19,765,696)	(20,070,671)	(304,975)
Amount Due Provider (Refund due Plan)	4,726,915	1,617,658	(3,109,257)
Less Tentative Settlement and/or Offset		(1,714,127)	
Total Amount Due Program		\$(96,469)	

Please be informed that revision of this notice may be required by the findings of an audit of this or any prior or subsequent cost report started or completed during the three-year period following the date of this notification.

The adjustments to this cost report which produce a difference between the Intermediary's determination and your initial cost report are explained on the attached Adjustment Report. The attached Adjustment Report reflects individual adjustments made and includes appropriate reference to and citations of applicable law, regulations, and general instructions used as a basis for these adjustments. If you have any questions concerning the nature of these adjustments or the reasons for them, please contact this office.

Please make your remittance payable to Blue Cross of Nebraska, Medicare Department. The amount reflected above as due to the Health Insurance Program must be repaid within 15 days. If the repayment cannot be accomplished within this time, please contact me for alternative procedures. If we have not heard from you or received payment within the 15-day period, we will have no choice but to suspend payments to your facility in full until the full amount due is recovered. "Pursuant to Section 1866(b)(2)(A) and (C) of Title XVIII, continued failure to respond may result in termination of the agreement (if the overpayment is \$1,000 or more)."

Blue Cross and Blue Shield of Nebraska

An Independent Licensee of the Blue Cross and Blue Shield Association.

A HCFA CONTRACTED INTERMEDIARY

P.O. Box 24563 • Omaha, NE 68124-0563

"In accordance with Public Law 97-248 interest will be assessed on the amount due HCFA unless full payment is made within 30 days from the date of this Notice. Interest will be assessed for each 30-day period (or less) that payment is delayed. If you are unable to refund the entire amount at this time, advise this office immediately so that we may determine if you are eligible for a repayment schedule. Any repayment schedule would run from the date of this letter. If an overpayment is repaid in installments or recouped by withholding from several payments due the provider--(1) each payment will be applied first to accrued interest and then to the principal. With respect to repayment schedule, interest will be assessed at the rate published in the Treasury Department's monthly 'Schedule of Certified Interest Rates with Range of Maturities.'"

This handling is set forth in Provider Letter C-85-10 and C-85-10.1.

If you are dissatisfied with our determination, and the amount of program reimbursement in controversy is at least \$1,000 but less than \$10,000, you have a right to appeal to the Blue Cross Association under its Medicare Provider Appeals Procedures. Your appeal request should be directed to:

Medicare Provider Appeals Coordinator
Blue Cross Association
225 North Michigan Avenue
Chicago, Illinois 60601-7680

If you disagree with adjustments aggregating \$10,000 or more in program reimbursement, your appeal is to the Provider Reimbursement Review Board; and your request should be directed to:

Chairman
Provider Reimbursement Review Board
P O Box 31712
Baltimore, Maryland 21207-8712
Phone 410-786-2671 automated attendant

There is a time limit of 180 days from the date of this Notice of Program Reimbursement to file a request for a hearing. To be acceptable, such a request must: (1) be in writing, (2) specify the individual adjustment items and amounts to which you take exception (3) state the reasons supporting your position, and (4) cite the Regulation and Manual Sections upon which you base your exceptions. In addition, you may include any material you wish to have considered in support of your position.

A copy of your request should also be sent to:

William D. Gaughan, Director
Audit and Reimbursement
Blue Cross and Blue Shield of Nebraska
P O Box 3248, Main Post Office Station
Omaha, NE 68180-0001

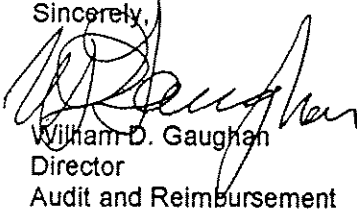
PRRB Appeals Coordinator
Blue Cross/Blue Shield Association
225 North Michigan Avenue
Chicago, IL 60601-7680

PRM-1, Chapter 29 sets forth the appeal procedure or Commerce Clearing House Medicare and Medicaid Guide paragraphs 7679 - 7791.

In deciding whether or not to seek an appeal, you should know that the authority of the BCA Hearing Officers is limited to a consideration of the facts and the application of the Laws, Regulations and General Instructions, as written, to those facts. The Officers cannot entertain arguments directed to the constitutionality, legality, propriety or wisdom of any of the Laws, Regulations and General Instructions.

As you have 180 days to file an appeal in any case, there is ample opportunity for discussion without risk of any prejudice to your appeal rights. Once a formal request has been filed, appeals via either mechanism tend to be a costly and time-consuming process on everyone's part. We, therefore, strongly urge that you discuss any problems you may have with any adjustments we have made with our Audit and Reimbursement Department prior to such filing.

Sincerely,



William D. Gaughan
Director
Audit and Reimbursement

Attachment - Schedule of Payments Due to Cost Reimbursement

Enclosure

cc: Mr. John Hines
File

(AR-12)

ESCROW AGREEMENT

THIS ESCROW AGREEMENT ("Agreement") is made and entered into as of October 31, 1997, by and among Bryan Healthcare, Inc., a Nebraska nonprofit corporation ("BHC"), Bryan Memorial Hospital, a Nebraska nonprofit corporation ("BMH"), the City of Lincoln, Nebraska, a municipal corporation existing pursuant to its home rule charter and a political subdivision of the State of Nebraska ("City") and First Bank, National Association ("Escrow Agent").

RECITALS

WHEREAS, BHC, BMH, City and the Board of Trustees of Lincoln General Hospital have entered into a Master Affiliation Agreement dated as of October 1, 1997 (the "Affiliation Agreement"), pursuant to which BHC and BMH will develop an integrated medical care delivery system with the capability of providing high quality, cost effective health services that can successfully operate in a managed care setting; and foster an integrated regional delivery system to enhance excellence in quality patient care, the ability to maintain a qualified medical staff, and the ability to compete in an increasingly competitive health care environment; and

WHEREAS, pursuant to the terms of the Affiliation Agreement, City shall deposit with Escrow Agent Four Million Dollars (\$4,000,000.00) (the "Escrowed Funds") from the Cash Consideration into an account (the "Escrow Account") established with the Escrow Agent, which funds are to be held and distributed by the Escrow Agent in accordance with the terms and conditions hereof.

NOW, THEREFORE, in consideration of the terms and conditions and the representations and warranties herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1. DEFINITIONS

Capitalized terms used in this Agreement and not defined herein shall have the definitions given to them in the Affiliation Agreement.

ARTICLE 2. ESCROWED FUNDS

2.1. Deposit of Escrowed Funds. Upon the successful Closing of the Affiliation Agreement, City shall deposit the Escrowed Funds from the Cash Consideration into the Escrow Account.

2.2. Investment of Escrowed Funds. The Escrow Agent shall keep the Escrowed Funds invested in The First American Treasury Obligation ("Treasury Obligation") or in Escrow Agent's money market fund (the "Fund") provided that the Treasury Obligation or Fund is, and at all relevant times remains, in one of the three highest rating categories of Moodys or Standard

and Poors. In the event that the Treasury Obligation's or Fund's rating declines, the Escrow Agent shall remove the Escrowed Funds from the Treasury Obligation or Fund and invest them in obligations of the government of the United States or any agency thereof, or certificates of deposit of financial institutions rated by one or more nationally recognized rating agencies as being of investment grade. A prospectus for the Treasury Obligation or Fund is available from the Escrow Agent upon request.

2.3. Tax Payments. City shall be responsible for paying any taxes that may become due and owing with regard to any income earned by the Escrow Account. If BHC or BMH is required by law to pay taxes on the earnings of the Escrow Account not distributed to BHC or BMH, such payment shall be deemed to be a Reimbursable Claim (as defined below) payable to BHC or BMH hereunder.

2.4. Distribution of Earnings. On a quarterly basis, Escrow Agent shall distribute to City the interest and cash dividends earned on the Escrowed Funds; provided, however, that in no event shall a distribution be made if following such distribution, the balance of the Escrowed Funds would be less than: (a) Four Million Dollars (\$4,000,000.00); or (b) the aggregate amount of all Disputed Amounts.

ARTICLE 3. DISTRIBUTIONS

3.1. Distributions to BHC and BMH. Promptly upon determination of a reimbursable claim by BHC or BMH pursuant to the terms of Article 12 of the Affiliation Agreement (a "Reimbursable Claim"), BHC or BMH, as the case may be, shall deliver to the Escrow Agent, with a copy to City, a written notice (the "Initial Notice") setting forth the amount of such claim, a brief description of the nature thereof and instructions to the Escrow Agent for the distribution thereof. Upon the earlier to occur of (a) if no Disagreement Notice (as defined below) has been delivered, the completion of thirty (30) full calendar days after receipt by the Escrow Agent of the Initial Notice or (b) a written notice signed by City to the Escrow Agent, with a copy to BHC or BMH, as the case may be, agreeing to all or a portion of the Reimbursable Claim set forth in such Initial Notice (the "Agreement Notice"), then the Escrow Agent shall promptly distribute the lesser of the amount set forth in the Initial Notice or the amount set forth in the Agreement Notice (if any) pursuant to the instructions of BHC or BMH (a "Reimbursement Distribution"); provided, however, that to the extent City disagrees with all or any portion of the Reimbursable Claim, it shall deliver to the Escrow Agent, with a copy to BHC and BMH, a written notice to that effect on or before the completion of the thirtieth (30th) full calendar day after receipt of the Initial Notice (the "Disagreement Notice") and the Escrow Agent shall not make a Reimbursement Distribution in the amount subject to such Disagreement Notice. If a Disagreement Notice is delivered by City, the Escrow Agent shall continue to hold and invest the Escrowed Funds that are the subject of such notice (the "Disputed Amount") in accordance with the terms hereof until either (a) an Agreement Notice with respect to such funds is delivered to the Escrow Agent by City or (b) BHC, BMH or City delivers to the Escrow Agent a final certified order entered by a court of competent jurisdiction granting or denying all or a part of such funds to BHC or BMH.

3.2. Prompt Payment. BHC, BMH and City acknowledge that the terms and conditions of Article 12 of the Affiliation Agreement govern exclusively the determination and resolution of a Reimbursable Claim, and the parties agree to act in good faith with respect to making determinations of, and resolving, a Reimbursable Claim. In making any such determination and resolution, City shall promptly and in good faith provide the appropriate notices to the Escrow Agent in accordance with the procedures set forth in Section 3.1 hereof.

3.3. Claims Upon Expiration of Term. In the event the term of this Agreement has expired and any Initial Notice is still in dispute and the Disputed Amount(s) not fully distributed to BHC and BMH pursuant to the terms hereof, the Escrow Agent shall continue to hold the Disputed Amount(s) until otherwise required to make a Reimbursement Distribution in accordance with the procedures of Section 3.1. The Escrow Agent shall, however, distribute to City upon the expiration of the term of this Agreement any Escrowed Funds in excess of any Disputed Amount(s) not the subject of such a notice.

ARTICLE 4. ESCROW AGENT DUTIES

4.1. Duties of the Escrow Agent. The Escrow Agent shall have no duties or obligations other than as stated herein, shall incur no liability whatsoever to any other party hereto, except for gross negligence or willful misconduct, and shall be protected in acting upon any notice, written request, certificate or other communication, not only as to the due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained, which it shall in good faith believe to be valid and to have been signed or presented by a proper person or persons pursuant to the terms of this Escrow Agreement. The Escrow Agent shall have no responsibility with respect to the application of any funds paid by the Escrow Agent pursuant to the provisions hereof. The Escrow Agent shall not be bound by any notice, or demand with respect thereto, or any waiver, modification, amendment, termination or rescission of this Escrow Agreement, unless in writing delivered to the Escrow Agent. The Escrow Agent may, at any time upon written notice to BHC, BMH and City, for any reason whatsoever, either:

4.1.1. hold the Escrowed Funds until otherwise directed by (i) a written instrument signed by BHC, BMH and City or (ii) an order, decree or judgment of a court of competent jurisdiction which, by lapse of time or otherwise, shall no longer be subject to appeal or review; or

4.1.2. deposit the Escrowed Funds in any court of competent jurisdiction pending the final determination of any dispute among the parties hereto.

The Escrow Agent may consult with counsel and shall be indemnified pursuant to Section 4.4 in any action taken in good faith in accordance with such advice. The Escrow Agent shall not be liable for interest on the Escrow Account except as specifically agreed upon by the Escrow Agent and the respective parties hereto.

4.2. Liability. The Escrow Agent shall not be liable for any error of judgment, any act taken or omitted by it in good faith, or any mistake of fact or law unless caused by its own gross negligence or willful misconduct.

4.3. Waiver of Liens. The Escrow Agent hereby waives any and all rights of lien, attachment or set-off against the Escrowed Funds.

4.4. Expenses of Escrow Agent. BHC, BMH and City agree to hold the Escrow Agent harmless from and against any and all losses, liabilities, damages, costs, expenses (including attorney's fees and expenses), claims, demands, actions, proceedings, recoveries, settlements or judgments brought against, paid, incurred or suffered by the Escrow Agent at any time that arise out of or in connection with the performance of its obligations in accordance with this Escrow Agreement, other than those which are determined to be due to the Escrow Agent's gross negligence or willful misconduct. BHC, BMH and City agree that any costs incurred by Escrow Agent to which this Section 4.4 shall apply shall be paid fifty percent (50%) by BMH and fifty percent (50%) from the Escrowed Funds.

4.5. Fees. Reasonable fees of the Escrow Agent shall be paid by BMH according to the fee letter attached hereto as Exhibit A.

4.6. Resignation. The Escrow Agent reserves the right to resign at any time upon thirty (30) days' prior written notice to BHC, BMH and City. In the event of such resignation, BMH shall have the right to appoint a new Escrow Agent, with the approval of City (which approval shall not be unreasonably withheld), that shall enter into an agreement by which the new Escrow Agent shall be subject to the terms and conditions of this Agreement.

4.7. Removal of the Escrow Agent. The Escrow Agent may be removed by the mutual agreement of BHC, BMH and City, at any time upon thirty (30) days' prior written notice to the Escrow Agent and signed by BHC, BMH and City. In the event of such removal, BMH shall have the right to appoint a new Escrow Agent, with the approval of City (which approval shall not be unreasonably withheld), who shall enter into an agreement by which the new Escrow Agent shall be subject to the terms and conditions of this Agreement.

4.8. Copies of Notices. The Escrow Agent shall promptly deliver any notices or communications received hereunder to all other parties to this Agreement.

ARTICLE 5. TERM

5.1. Term. This Agreement shall commence upon the deposit with the Escrow Agent of the Escrowed Funds and continue until the later of: (a) the second anniversary of the date of this Agreement; (b) such time as the Escrow Agent has distributed all Escrowed Funds to BHC and/or BMH pursuant to the terms of Article 3.1; (c) such time as the Escrowed Funds are placed with a court of competent jurisdiction pursuant to Section 4.1.2; or (d) final settlement of all cost reports for all cost reporting periods ending prior to the Closing (for purposes of this Agreement, final settlement shall mean the final decision of a court of competent jurisdiction relating to appeals of those cost reports or the expiration of time frames for filing appeals under 42 CFR

§405.1801 *et seq.*), but in no event and notwithstanding (a)-(d) no longer than five (5) years. The period from the date first written above and the date determined pursuant to the preceding sentence shall be referred to as the "Escrow Period." At the end of the Escrow Period, Escrow Agent shall distribute the Escrowed Funds to City, except for any Disputed Amount(s) as set forth in Section 3.3.

ARTICLE 6. MISCELLANEOUS

6.1. Assignment. This Agreement shall not be assignable by any party except with the prior express written consent of the other parties, which shall be in the sole discretion of such other parties to grant or withhold. Consent to one assignment shall not be construed as consent to any subsequent assignment.

6.2. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and permitted assigns of each party hereto.

6.3. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior oral or written representations, warranties and agreements between the parties with respect to the subject matter hereof.

6.4. Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be considered given and delivered when personally delivered to the party to whom such notice or communication is addressed or when delivered by courier or when received by facsimile or deposited in the United States mail, postage prepaid, return receipt requested, properly addressed to a party at the address set forth below, or at such other address as such party shall have specified by notice given in accordance with this Section:

If to City: The City of Lincoln
 555 South 10th Street
 Lincoln, Nebraska 68508-3997
 Attention: Mayor

With a copy to: City of Lincoln
 Room B-210
 555 South 10th Street
 Lincoln, Nebraska 68508-3997
 Attention: City Attorney

and a copy to: Erickson & Sederstrom
 Suite 400 Cornhusker Plaza
 301 S. 13th Street
 Lincoln, Nebraska 68508-2571
 Attention: Charles D. Humble, Esq.

If to BMH or BHC: Bryan Memorial Hospital and Bryan Healthcare
1600 S. 48th Street
Lincoln, Nebraska 68506-1299
Attention: President & CEO

With a copy to: William H. Lewis, Esq.
Attorney at Law
First Bank Building, Suite 402
100 N. 56th Street
Lincoln, Nebraska 68504-3510

and a copy to: Gardner, Carton & Douglas
Quaker Tower, Suite 3400
321 N. Clark Street
Chicago, Illinois 60610
Attention: D. Louis Glaser, Esq.

If to First Bank: First Bank, National Association
233 S. 13th Street
Lincoln, Nebraska 68508
Attention: Ms. Deb DeGarmo

and a copy to: First Bank, National Association
17th and Farnam
Omaha, Nebraska 68102-2183
Attention: Melvin Katskee, Esq., General Counsel

6.5. Expenses. Except as set forth in Section 4.4, each party hereto shall pay its own expenses incident to this Agreement and the consummation of the transaction herein described.

6.6. Waiver. Any term or condition of this Agreement may be waived at any time by the party or parties entitled to the benefit thereof, but only by a written notice signed by the party or parties waiving such terms or conditions. The waiver of any term or condition shall not be construed as a waiver of any other term or condition of this Agreement.

6.7. Amendment. This Agreement may be amended, supplemented or modified at any time, but only by a written instrument duly executed by all of the parties hereto, which amendment shall be effective as of the date specified therein.

6.8. No Third Party Rights. The parties hereto agree that it is not their intention to create any third party rights by virtue of this Agreement, except as expressly provided for herein.

6.9. Section Headings and Cross-References. The article and section headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement. All references in this Agreement to article numbers, section numbers and Exhibits refer to articles, sections and Exhibits of this Agreement.

6.10. Governing Law. This Agreement shall be construed, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws of the State of Nebraska; provided, however, that the conflicts of law principles of the State of Nebraska shall not apply to the extent that they would operate to apply the laws of another state.

6.11. Partial Invalidity. In the event that any term or provision of this Agreement is rendered invalid or unenforceable by any valid act of Congress or the state legislature, or by any regulation duly promulgated by officers of the United States or the State of Nebraska acting in accordance with law, or declared null and void or unenforceable by any court of competent jurisdiction, the remaining terms and provision of this Agreement shall remain in full force and effect, unless the effect of the invalidation of such provision, individually or in the aggregate with all other provisions previously invalidated, shall substantially impair a party's rights or obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

BRYAN MEMORIAL HOSPITAL

By: _____

Its: _____

BRYAN HEALTHCARE, INC.

By: _____

Its: _____

**THE CITY OF LINCOLN,
NEBRASKA**

By: _____

Its: _____

**FIRST BANK, NATIONAL
ASSOCIATION**

By: _____

Its: _____



Main Office
233 South 13th Street
Lincoln, NE 68508

October 22, 1997

Ms. Christine E. Bloomquist
Gardner, Carton & Douglas
1301 K Street, N.W.
Suite 900, East Tower
Washington, DC 20005

RE: Bryan Memorial Hospital/Lincoln General Hospital Escrow Agreement

Dear Christine:

After review of the above referenced Escrow Agreement and with the understanding that the final draft will include the naming of the First American Treasury Obligation Class D as a replacement to "...Escrow Agent's money market fund..." under section 2.2; our pricing would be as follows:

Acceptance Fee	\$350
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Annual Fee	\$350
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Should you have additional questions, please contact me at (402) 434-1481.

Sincerely,

A handwritten signature in cursive script, appearing to read "Debra A. DeGarmo".

Debra A. DeGarmo
Vice President

**AGREEMENT FOR FINAL DISTRIBUTION
OF ESCROWED FUNDS**

THIS AGREEMENT FOR FINAL DISTRIBUTION OF ESCROWED FUNDS ("Agreement") is made and entered into to be effective the _____ day of _____, 2009, by and among BryanLGH Health System, formerly known as Bryan HealthCare, Inc., a Nebraska nonprofit corporation ("System"), BryanLGH Medical Center, formerly known as Bryan Memorial Hospital, a Nebraska nonprofit corporation ("Hospital"), the City of Lincoln, Nebraska, a municipal corporation existing pursuant to its home rule charter and a political subdivision of the State of Nebraska ("City"), and U. S. Bank National Association, formerly known as First Bank, National Association ("Escrow Agent").

RECITALS

WHEREAS, System, Hospital, City and Escrow Agent entered into an Escrow Agreement as of October 31, 1997, and

WHEREAS, pursuant to the terms of said Escrow Agreement Four Million Dollars (\$4,000,000.00) ("Escrowed Funds") was established with the Escrow Agent, to be held and distributed by the Escrow Agent in accordance with the terms of the Escrow Agreement and the Master Affiliation Agreement dated as of October 1, 1997 between System, Hospital, City and the Board of Trustees of Lincoln General Hospital ("Affiliation Agreement"), and

WHEREAS, there were certain distributions made from the Escrowed Funds and, System, City and Hospital entered into an Agreement to Reduce Escrowed Funds which was effective January 16, 2001 to reduce the amount held in the Escrowed Funds to One Million Dollars (\$1,000,000.00) ("Prior Agreement"), and

WHEREAS, pursuant to a letter from the City of Lincoln dated April 30, 2002, the Escrow Agent released Six Hundred Twenty Five Thousand Dollars (\$625,000) of the Escrow Fund in accordance with said letter to settle a lawsuit against the City of Lincoln d/b/a/ Lincoln General Hospital entitled Benjamin v. City of Lincoln, and

WHEREAS, System, City and Hospital are willing to release the balance of the Escrowed Funds in accordance with Section 5.1(d) of the Escrow Agreement and terminate the Escrow Agreement.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the parties agree as follows:

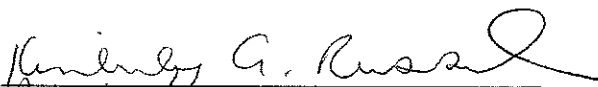
1. All Escrowed Funds currently held by the Escrow Agent shall be immediately distributed to the City of Lincoln.

2. With the distribution of the balance of the Escrow Funds, the Escrow Agreement shall terminate.

3. No party hereto in any way waives or released any rights or is released from any liabilities or responsibilities it may have under the Affiliation Agreement and/or the Closing Agreement by entering into this Agreement.

IT WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date set forth above.

BryanLGH HEALTH SYSTEM

By: 
Its: PRESIDENT/CEO

CITY OF LINCOLN, NEBRASKA


By: _____
Its: _____

BryanLGH MEDICAL CENTER

By: 
Its: PRESIDENT/COO

The Escrow Agent, U.S. Bank National Association, pursuant to the Escrow Agreement hereby acknowledges and agrees to carry out this Agreement in accordance with the terms and conditions hereof.

U.S. BANK NATIONAL ASSOCIATION,
Escrow Agent

By: 
Its: Georgette Kleinbaum
Assistant Vice President